

Commerce Bancshares, Inc.
Compliance Department, TB12-1
922 Walnut P.O. Box 13686
Kansas City, MO 64199-3686

July 18, 2008

Docket Number: R-1286

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.
Washington, DC 20551

Dear Madam:

Commerce Bancshares, Inc. is a registered bank holding company with total assets of \$14.3 billion at June 30, 2006, and three bank subsidiaries. Two of these banks are full-service banks, with approximately 200 branch locations in Missouri, Illinois, and Kansas. The other bank is a limited-purpose bank, with one office in Omaha, Nebraska. All of the banks are national banks. A full line of banking services, including investment management and securities brokerage are offered. The Company also has operating subsidiaries involved in mortgage banking, credit related insurance, venture capital and real estate activities.

We appreciate the opportunity to comment on the proposed amendments to Regulation Z, as published in the Federal Register on May 19, 2008.

Our comments are limited to the issues related to receiving payments and advertising.

§226.10(b)(2) Examples of reasonable requirements for payments.

The Board proposes revising this section to clarify that a cut-off time for payments by mail earlier than 5 p.m. on the due date is not reasonable. This change effectively imposes a required cut-off time of 5 p.m. for all institutions.

The regulatory imposition of a single cut-off time can be expected to have significant impact on credit card processors. Currently, each card issuer sets its own cut-off time. This means that transmissions of payments from various card issuers are staggered throughout the day. If the cut-off time is mandated, we anticipate the vendor will face capacity issues due to all banks in a given time zone settling at the same time each day. We expect that programming changes will be required by our vendor to accommodate the change.

Compliance with the cut-off requirement will necessitate changes to the bank's systems and processes, as well. System changes are always time consuming and expensive, due to limited information technology staff resources to deal with multiple requirements, and the opportunity cost of being unable to deploy those resources on other business initiatives.

We request a minimum of 12 months from the final rule to implementation to make the necessary changes to our systems.

§226.10(d) *Crediting of payments when creditor does not receive or accept payments on due date.*

The Board has proposed a requirement that, if the due date is not a business day, the payment must be considered on time the following business day.

To comply with this rule, we will need to modify our systems to ensure that payment due dates do not fall on Saturdays. We would not consider backdating payments or waiving fees and interest, which would be unduly burdensome.

Because this is a systemic change, the same challenges discussed above will apply. We request a minimum of 12 months from the final rule to implementation to make the necessary changes to our systems.

The Board also asks whether the rule should address payments made electronically or by phone. We do not believe applying this rule to other types of payments is necessary. Payments by mail are affected by the days and times of mail delivery. Other types of payments do not have those limitations, and applying the rule to those payment types would be inappropriate.

§226.16(e)(1) *Advertising: Promotional Rates: Scope*

The Board asks whether any or all of the information required to be disclosed when advertising a promotional rate would be helpful in non-written forms of advertisements, such as telephone, radio or television.

It would be helpful for the consumer to understand that the advertised rate is only applicable for a specified period of time. However, the requirements for stating the post-promotional rate clearly, conspicuously, and in a prominent location closely proximate to the first listing of the promotional rate would be difficult, if not impossible, in an oral advertisement. These requirements might be met with on-screen text in a television ad, but those kind of disclosures are generally not useful to consumers.

We recommend that the scope not be expanded to include other types of advertisements.

Thank you for considering our comments.

Sincerely,

Sherri M. Beam, CRCM
Compliance Officer